**A Measurement of Growth**

As the basics of economics

Become so clearly understood,

One must wonder how to measure growth,

And then, just when we should?

Well this measurement, it has a name,
Gross Domestic Product, or GDP--
A measure of all of the production,

Within a nation’s economy

Now, only final goods are counted--
These are the newest products that are sold,

So things that are used, are not counted,
Such as used clothes or cars that are old.

Another good that is not included,
Are intermediate goods, it’s true
For if they were, then they’d be counted,
Not one time, but two.

The reason for this is quite simple—

Intermediate goods are goods acquired

To be used in creating a final product

Such as a new car’s tire.

Stocks and bonds and most real estate

Are non-production too, you see,
So they too are not included

When counting the nation’s GDP

Any activities which are illegal,
Are still not counted too,

As well as any unpaid work,
Such as favors one may do.

The expenditures approach is very common,
When measuring how much a nation grows

Simply add up the cost of all goods sold,

And hope production has not slowed!

All goods that were bought on the market,

Is what consumer spending means,

While all goods that are called ‘investment’

Include building equipment and machines

Too that, add all government expenses

As they purchase as they please,

And finally, add all of our net exports--
Goods sent to the countries overseas

Remember that for every dollar spent,

A dollar of income was then created,

So another approach to GDP
Is to add all incomes that were related

Once these values are added,

Nominal GDP is the creation—

The total production within a year!
However—it does not include inflation!

Because of this, there is real GDP!
A year is established as the base,

Production is compared from year to year,

To see if inflation has taken place!

As production rises, if growth occurs

Expansion rules the day!

However, when recessions hit,

Lack of production takes many jobs away!

Time comes rather quickly,
Just as rather quickly does it go

And as each year comes to an end,
We hope for real GDP to grow!